

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2783/P2dn
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September 4, 2007

To Senator Sullivan and Representative Jeskewitz, Joint Legislative Audit Committee Cochairs:

This draft is offered in response to the Committee's instructions at the July 26, 2007 meeting of the Joint Legislative Audit Committee Working Group on Economic Development. The draft does all of the following:

I. Efficiency. Makes a number of changes to economic development programs administered by the department of commerce (Commerce), including eliminating and consolidating programs.

II. Accountability. Requires Commerce and all other departments and independent agencies that administer economic development grant and loan programs to establish programmatic goals for these programs, require more detailed reporting from recipients of grants and loans, and independently verify the reported data.

III. Transparency. Requires Commerce and all other departments and independent agencies that administer economic development grant and loan programs to annually report to the legislature and make available to the public on the Internet the number, dollar amount, and recipient of economic development grants and loans.

Please review the draft carefully to ensure that I have accomplished your intent. I have the following questions:

1. *Employee Skills Training*. The committee directed me to direct Commerce to consolidate three employee skills training programs created by Commerce under the authority granted in s. 560.155: minority business employees skills training, rural business employees skills training, and business employees skills training. These are not separate programs under the statutes. In order to accomplish this consolidation, I withdrew authority from Commerce to consider other factors in the awarding of grants under this section. Okay?

2. *Brownfields*.

a. The committee directed me to consolidate the two brownfields programs administered by the Department of Natural Resources into one program. On August 6, Senator Roessler submitted an e-mail that raised some concerns about the implications of consolidating two programs with two different funding sources.

Because there is an open question about the viability of making this change, these two DNR brownfields programs were not consolidated in this draft.

b. The committee directed me to consolidate two Commerce-administered brownfields programs: the community development block grant administration under s. 560.045 and the brownfields grant program under s. 560.13. These two programs also have different funding sources and serve different purposes with different eligibility criteria. For that reason, I was reluctant to integrate the language from these two sections.

I repealed s. 560.045 and folded all of the language from that section into a separate, stand-alone subsection under s. 560.13. However, I am not sure what this consolidation accomplishes.

3. *Development and enterprise zones.* The committee directed me to follow “Option E” (Make no change) outlined in the Audit Bureau’s Legislative Options document. However, the committee also instructed me to require that 2/3 of the remaining tax credits be awarded to businesses locating or expanding in economically distressed areas and to define “economically distressed”. I have several questions about this instruction:

a. I proceeded under the assumption that the committee wanted the 2/3 requirement to apply only to those development and enterprise zones programs that require the department to consider economic distress under current law: 1) the development zone program; 2) the enterprise development zone program; 3) the enterprise zone program; and 4) the airport development zone program. Is that a correct assumption?

b. Are you comfortable with the definition of “economically distressed”?

4. *Consolidation of minority business grant and loan programs.*

The committee directed me to consolidate three minority business grant and loan programs: minority business early planning grants, minority business development grants and loans, and minority business revolving fund grants and loans. To accomplish this consolidation, the bill repeals s. 560.81 and rennumbers of ss. 560.82 and 560.83 into one single new section, s. 560.836. Technically, the programs are consolidated. Substantively, however, no changes are made to the eligibility or application requirements of these separate grant and loan programs or to the purposes for which the grant and loan moneys received under these programs may be spent.

Does this “consolidation” accomplish the intent of either the committee or the Audit Bureau? If not, how would you like me to proceed to change the eligibility or application requirements or purposes for which the grant and loan moneys may be spent?

I look forward to working with you on this draft.

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